

*Delaware Public Employees' Retirement System  
State Employees' Pension Plan*

# Retirement Planning



**Presented by the State of Delaware Office of Pensions**

# *Statistics* (as of 6/30/21)

- 38,048 Retirees (including terminated vested) from all nine plans
  - 33,665 from State Employees' Pension Plan (SEPP)
- 45,242 Active Members in all nine plans
  - 38,518 in SEPP
- Over \$14.6 billion in the Delaware Public Employees' Retirement System (8 pension plans, 1 length of service award plan, 3 post-retirement trusts, 1 investment pool made up of three entities)
  - Assets of \$12.9 billion in SEPP
  - Approximately 110.5% funding ratio for SEPP

# *Pension Contributions*

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - 3% contribution deducted after first \$6000 of earnings each calendar year
- First Hired into a Pension Credited Position on or After 1/1/2012
  - 5% contribution deducted after first \$6000 of earnings each calendar year
- Correctional Officers/Specified Peace Officers
  - 7% contributions
- Employer Contributions
  - FY 2023 – 11.15% of salary

# ***Retirement Eligibility – Unreduced Service Pension***

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - 30 years of pension credited service at any age
  - Age 60 with at least 15 years of pension credited service
  - Age 62 with at least 5 consecutive years of pension credited service
- First Hired into a Pension Credited Position on or After 1/1/2012
  - 30 years of pension credited service at any age
  - Age 60 with at least 20 years of pension credited service
  - Age 65 with at least 10 years of pension credited service (5 years consecutive)
- Correctional Officer/Specified Peace Officer
  - 25 years of pension credited service regardless of age with 20 years as a Correctional Officer/Specified Peace Officer (5 consecutive years)

# ***Retirement Eligibility – Reduced Service/Age Pension***

- 25 years of pension credited service at any age  
**OR**
- Age 55 with at least 15 years of pension credited service
- First Hired Prior to 1/1/2012
  - Reduced 0.2% for each month short of 30 years  
**OR**
  - Reduced 0.2% for each month under Age 60
- Hired on or After 1/1/2012
  - Reduced 0.4% for each month short of 30 years  
**OR**
  - Reduced 0.4% for each month under Age 60

# *Retirement Eligibility – Vested Pension*

- First Hired into a Pension Credited Position Prior to 1/1/2012
  - Must have 5 consecutive years of pension credited service
  - Pension is effective first of the month following 62<sup>nd</sup> birthday
- First Hired into a Pension Credited Position on or After 1/1/2012
  - Must have 10 years of pension credited service  
(5 years must be consecutive)
  - Pension is effective first of the month following 65<sup>th</sup> birthday

# *Unified Pension*

May combine service in the following Pension Plans with service in the SEPP provided not collecting a pension from them

- County & Municipal General Employees'
- New State Police
- County & Municipal Police & Firefighters
- Judicial

# *Buy-In Options Upon Retirement*

- Approved medical or personal leaves of absence
- Sick Leave
- Actuarial (Ex: Military, Other Governmental)\*

\*Buy-in options must be approved and/or verified by the Office of Pensions prior to retirement

# *Payment For Eligible Buy-In Options*

- Payment for the purchase of an approved buy-in is calculated at the time of the employee's retirement
- Written notification will be mailed directly to the home address the month the retiree will receive their first pension benefit
  - Must be paid prior to issuance of first benefit
- Can be purchased one of three ways:
  - Deducted from first monthly pension, if sufficient to cover the entire cost
  - Personal check
  - Rollover from a qualified tax-sheltered account
    - 401(A), 457(B), 403(B) (under certain circumstances), or an IRA

# *Payment for Leave Accruals*

- You may be entitled to payment for sick and annual leave accruals
- Payment is made by your Organization
- Contact your Human Resources or Payroll representative for entitlement, estimated payoff amount and date to expect payment

# *Who is an Eligible Survivor?*

A survivor is a person eligible to receive a monthly pension at the time of the active member or pensioner's death

- Spouse
- Child/children under age 18, unmarried, and if between the ages of 18 and 22, a full-time student
- Child permanently disabled as a result of a disability that began before the child attained age 18
- Dependent parent(s)

# ***Joint And Survivor Benefit***

- Payable to an eligible survivor
- Election must be made
- One-time irrevocable
- Pensioner's monthly pension reduced for lifetime
  - 50% = No reduction
  - 66.67% = 2% reduction
  - 75% = 3% reduction
  - 100% = 6% reduction

# *Who is a Beneficiary?*

- A beneficiary is named on the Member Actuarial Information form or the Contributory Designation/Change of Beneficiary form and receives a lump sum distribution of the balance of member paid pension contributions, plus interest, in the event there is no eligible survivor at the time of the member's death.

# *Calculating Your Estimated Monthly Pension*

Visit [www.delawarepensions.com](http://www.delawarepensions.com)



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# *Calculating Your Estimated Monthly Pension*

## Benefits Calculator

Select an option below:

State Employees  
Pension Calculator

Correctional/Specified Peace  
Officer Pension Calculator

New State Police  
Pension Calculator

Revised Judicial  
Pension Calculator

Diamond State Port  
Corporation

Delaware Volunteer Firemen  
Pension Calculator

County and Municipal  
(General)

County and Municipal (Police/Firefighter)

Tax Withholdings  
(Federal and State)

# Estimated Credited Service

## 1 ESTIMATED CREDITED SERVICE

### Compute your estimated Monthly Pension:

(If you are thinking about early retirement use the top calculator **and then** use the bottom calculator)

### Compute your estimated Tax Withholding:

[Tax Withholding Calculators](#)

### Helpful Hint:

Do not use commas in the combined highest 3 year compensation field. For example, type 100000 instead of 100,000.

**Please choose the nearest month or decimal in accordance with your State of Delaware service.**

Prior to January 1, 1997 - Years  Months

After December 31, 1996 - Years  Months

COMBINED HIGHEST 3 YEAR COMPENSATION: \$

Mini-Calculator

<input type="text"/>			
1	2	3	+
4	5	6	-
7	8	9	x
c	0	=	/

Click '=' will auto-fill Compensation Amount

Your total creditable compensation is the total compensation paid to you during the three periods of 12 consecutive months during which your compensation was the highest.

**COMPUTE** **CLEAR**

# Monthly Estimated Pension

## 2 YOUR MONTHLY EARNINGS PENSION INFORMATION

CALCULATIONS ARE ESTIMATED

Monthly Final Average Earnings	3496.15	\$ 1623.09	\$ 1590.63	\$ 1574.40	\$ 1525.70
Calculation factor years of service prior 1/1/97	69.92	estimated monthly pension 50% survivor option.	estimated monthly pension 66.67% survivor option.	estimated monthly pension 75% survivor option.	estimated monthly pension 100% survivor option.
Calculation factor years of service after 12/31/96	64.68				
Credited number years of service prior Jan. 1, 1997	1.1667				
Credited number years service after Dec. 31, 1996	23.8333				

# Early Retirement

## 3 ADDITIONAL CALCULATORS

**CALCULATIONS ARE ESTIMATED**

**NOTE: You must perform calculation in Step #1 first for the additional calculators to work properly.**

IF EARLY RETIREMENT...

Enter number of months reduced  
then click 'COMPUTE'

60

Your monthly reduction:

\$ 194.77

\$	\$	\$	\$
1428.32	1399.75	1385.47	1342.62
estimated monthly pension 50% survivor option.	estimated monthly pension 66.67% survivor option.	estimated monthly pension 75% survivor option.	estimated monthly pension 100% survivor option.

COMPUTE

CLEAR

# *Sick Leave Buy-In Option*

IF SICK LEAVE BUY-IN OPTION...		\$	\$	\$	\$
Enter total sick time hours- then click 'COMPUTE'		1650.04	1617.04	1600.54	1551.04
Buy-in months available:		estimated monthly pension	estimated monthly pension	estimated monthly pension	estimated monthly pension
Estimated Buy-in cost: \$		50%	66.67%	75%	100%
Estimated Monthly Pension Increase: \$		survivor option.	survivor option.	survivor option.	survivor option.
Buy-in Hours Help Chart		COMPUTE	CLEAR		

# Actuarial Buy-In

IF ACTUARIAL BUY-IN (1 year Buy-in amount)...		\$ 1693.01	\$ 1659.15	\$ 1642.22	\$ 1591.43
Select Age at Retirement- then click 'COMPUTE'		Estimated	Estimated	Estimated	Estimated
50 ▾	<input checked="" type="radio"/> Years of Service Prior to 1/1/1997	Monthly	Monthly	Monthly	Monthly
<input type="radio"/> Years of Service After 12/31/1996		Pension if	Pension if	Pension if	Pension if
		electing <b>50%</b>	electing	electing <b>75%</b>	electing <b>100%</b>
Monthly Pension Increased by buy-in option:	\$ 69.92	survivor option	<b>66.67%</b>	survivor option	survivor option
Buy-in Cost:	\$ 10488.46	with buy-in	survivor option	with buy-in	with buy-in
Recoupment Period (No. of Years):	12.5000	with buy-in			
		<b>COMPUTE</b> <b>CLEAR</b>			

# *Final Total of Estimated Monthly*

FINAL TOTAL If any additional calculators were used:				
UPDATED PENSION AMOUNT:	\$ 1525.19	\$ 1494.69	\$ 1479.43	\$ 1433.68
	Estimated Monthly Pension if electing 50% survivor option	Estimated Monthly Pension if electing 66.67% survivor option	Estimated Monthly Pension if electing 75% survivor option	Estimated Monthly Pension if electing 100% survivor option
<a href="#">Print a complete Estimate Summary based on the data input.</a>				

# *Burial Benefit*

- \$7,000 benefit
- No cost to pensioner
- Beneficiary(ies) designation
- Payment is taxable

# *Health Insurance*

- Must be collecting a monthly Pension or LTD benefit
- All plans coupled with prescription plan coverage
  - Changes in coverage occur once a year during the open enrollment period in May; changes are effective July 1<sup>st</sup>
  - Medicare–eligible members' open enrollment period occurs in October; changes effective January 1<sup>st</sup>
- Life Changing Event – Changes must be done within 30 days of the event
- If eligible for double state share, please visit the link below for premium information  
<https://dhr.delaware.gov/benefits/dss/index.shtml>

# *Health Insurance*

- Health benefits are available with the “State Share” paid by the State of Delaware for members:
  - First hired prior to 7/1/1991
  - Disability Pensioners
  - Members on Long Term Disability

# *Health Insurance*

- For members first hired on or after 7/1/1991 through 12/31/06, the following portion of the “State Share” will be paid by the State of Delaware:
  - Less than 10 years of credited service      0%
  - 10 years – 14 years 11 months      50%
  - 15 years – 19 years 11 months      75%
  - At least 20 years      100%

# *Health Insurance*

- For members first hired on or after 1/1/07, the following portion of the “State Share” will be paid by the State of Delaware:

● Less than 15 years of credited service	0%
● 15 years – 17 years 5 months	50%
● 17 years 6 months – 19 years 11 months	75%
● At least 20 years	100%

# Health Insurance Example

Non-Medicare Rates Effective July 1, 2022			
Coverage	Total Monthly Rate	State Pays	Pensioner Pays
Highmark Delaware Comprehensive PPO Plan			
Individual	\$862.68	\$748.38	\$114.30
<b>Individual &amp; Spouse</b>	<b>\$1,790.16</b>	<b>\$1,552.96</b>	<b>\$237.20</b>
Individual & Child(ren)	\$1,329.54	\$1,153.38	\$176.16
Family	\$2,237.94	\$1,941.42	\$296.52

- Hired on January 1, 1986 – Retiring with 15 Years of Service  
 $(\$1,790.16 * 0\%) \$0 + \$237.20 = \$237.20$  per month
- Hired January 1, 2003 – Retiring with 15 Years of Service  
 $(\$1,790.16 * 25\%) \$447.54 + \$237.20 = \$684.74$  per month
- Hired January 1, 2007 – Retiring with 15 Years of Service  
 $(\$1,790.16 * 50\%) \$895.08 + \$237.20 = \$1,132.28$  per month

# *Dental & Vision Insurance*

- Available at retirement
- Automatic payroll deduction

# *Active Member Benefits*

- Securian Financial
  - Available to eligible active members who want to maintain Group Universal Life (GUL) after retirement
  - Premiums must be paid directly to Securian
- Flexible Spending Account (FSA)
  - Per IRS tax code there is no provision for retirees to participate
  - Benefit terminates the effective date of retirement or date of last FSA payroll deduction
- Deferred Comp Accounts
  - Final check is the last time you can contribute to this account

# *Direct Deposit*

- Mandatory for monthly pension
- Deposited on the last business day of each month

# *Taxes*

- Monthly pension is taxable by the Federal Government
- May or may not be taxable in the State where the retiree maintains permanent residence
- Form 1099-R

# *Payment of Monthly Pension*

- Your first Pension Check will be on a 1-month lag
  - Retire June 1<sup>st</sup> you will receive your first check July 31<sup>st</sup>
  - Double Pay
  - Double Deductions
- Monthly pension is calculated after the receipt of your final pay from your Organization
- Online pay advices
- Post Retirement Increase (PRI)
  - A PRI is a pension increase received after retirement
  - Granted upon Legislative approval
  - 1% was given 1/1/2015
  - \$400 one-time supplement November 2018
  - July 2021 based on Effective Date of Retirement
    - 3% - Prior to 7/1/1991
    - 2% - 7/1/1991 – 6/30/2001
    - 1% - 7/1/2001 – 6/30/2016
  - \$500 one-time supplement November 2021

# ***Working After Retirement***

- Only applies if considering employment with an organization participating in the State Employees' Pension Plan
  - Per Delaware statute and IRS guidelines
    - If under age 65 – must have a bona fide separation of at least six months
    - If over age 65 – a bona fide separation is not required
- EITHER OF THE ABOVE AND**
- Must be in a non-pension covered position
- 
- Earnings limit \$40,000 – Monthly pension offset \$1 for every \$2 earned over the limit

# ***So...Ready for Retirement?***

- Written notification to Supervisor and Human Resources four months prior to retirement
- Please visit our Pathway to Retirement for further details on the Retirement Process  
<https://open.omb.delaware.gov/Path-to-retirement.shtml>
- Member
  - Gathers required personal documents needed for self, spouse and eligible dependent(s) as applicable
    - Birth Verification
    - Signed Social Security Card
    - Marriage Verification
    - Divorce Verification
    - Medicare Card

# *After You Retire*

The Office of Pensions maintains pensioner records

- Updates must be in writing with signature
  - Name
  - Address
- Other personal information
  - Please note if you update your information on your Single Sign On account you must still submit your updates in writing
- Available to answer questions or concerns

# *Contact the Office of Pensions*

The Office of Pensions maintains pensioner records

- Website: [www.delawarepensions.com](http://www.delawarepensions.com)
- Email address: [Pensionoffice@Delaware.gov](mailto:Pensionoffice@Delaware.gov)
  - Phone: (302) 739-4208
  - Toll free: (800) 722-7300
  - Fax: (302) 739-6129
- Office Address: McArdle Building  
860 Silver Lake Blvd, Ste. 1  
Dover, DE 19904-2402